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**CITY OF SAN DIEGO  
M E M O R A N D U M**

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**MAR 13 2003**

**COUNCILMEMBER  
DONNA FRYE**

Date: March 12, 2003  
To: Councilmember Donna Frye  
From: Bruce Herring, Deputy City Manager  
Subject: Corporate Sports

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Thank you for your memorandum dated February 24, 2003 regarding "Corporate Sports".

In response to your questions the following information is submitted:

1. Question: What is the total yearly cost for all payments made directly to or to subsidize the Chargers and the Padres?

Reply

The Chargers and Padres Agreements provide for rent credits for various purposes. And some expenses that are the responsibility of the City are handled by the teams and reimbursed by the City.

The authority for such credits comes from Section II.46 of the Annual Appropriation Ordinance that states:

The City Manager is authorized to grant rent credits to, or expend funds in order to reimburse, Stadium tenants for capital improvements and other expenses related to Qualcomm Stadium in an amount not to exceed \$500,000 in total for all tenants for Fiscal Year 2003 in accordance with agreements made between the City and Stadium tenants, provided that the City Auditor and Comptroller first certifies fund availability.

The credits taken and expenses reimbursed for the 2002 baseball and football seasons were mostly routine. The exceptions are:

1. The Padres rescheduled game. This was the second consecutive year that there have been schedule conflicts, but no rescheduling was required for several years prior to this.
2. The Chargers improvements to the B-2 tunnel and locker room. This was a small one-time expense.
3. The ADA Settlement expenses. Some of these costs will continue for several years. Legal expenses should end this year. These expenses are all being charged to the City's Liability Fund at this time.

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Last season, the Chargers paid \$6.9M in rent; last season the Padres paid \$3.1M in rent, plus the City received \$1.5M in parking revenue for a total of \$4.6M from the Padres.

At this time there are no known exceptional expenses or credits for the 2003 baseball or football seasons.

Attachments A and B present detailed figures for expenses and credits for the Chargers and the Padres.

2. Question: What is the total amount of bond issues for the upgrade to the stadium, including interest? What are the yearly payments and of that, how much is principal and how much is interest?

Reply

In 1996, the Public Facilities Financing Authority of the City issued \$68.4 million in lease revenue bonds for improvements to the stadium. The bonds are to be repaid over a thirty year period, ending in February 2027. The average annual principal and interest payment on the bonds is approximately \$5.8 million. To date, the City has paid \$34.7 million on the bonds and the current outstanding principal amount of the bonds is approximately \$63.9 million. Please see attachment C for the amortization schedule associated with the Stadium Bonds; this schedule provides the breakdown of each payment between principal and interest.

With respect to TOT funds, it has been the practice since the inception of the Chargers ticket guarantee, to supplement Stadium operating revenues with TOT sufficient to pay the costs of the ticket guarantee plus any additional operating subsidies as needed. For example, in Fiscal Year 2003 the TOT appropriation to the Stadium assumed \$6.0M for the ticket guarantee and an additional \$586,250 operating subsidy. The actual ticket guarantee cost for this year was \$6.11M.

3. Question: Excluding the rent for the Padres office space, what are the other payments for the Padres and Ballpark Project, including debt payments and the amount of TOT spent?

Reply In 2002, the Public Facilities Financing Authority of the City issued \$169.7 million in lease revenue bonds to finance a portion of the City's contribution to the Ballpark and Redevelopment Project. The City's \$205.9 million contribution toward the project was comprised of \$130.4 million of proceeds from the sale of these bonds and \$75.5 million in City equity. The bonds are to be repaid over a thirty year period, ending February 2032, and the average annual payment on the bonds is approximately \$15.0 million. Please see attachment D for the amortization schedule associated with the Ballpark Bonds.

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In addition to the annual payments that the City must make on the bonds, the City is responsible for the lesser of 70% of the total annual operation and maintenance cost associated with the Ballpark or the Expense Cap, which is defined as \$3.5 million adjusted annually by the San Diego-All Urban CPI. The City's obligation to pay the annual operation and maintenance cost is subject to an offset if any of the Phase 1 hotels (under the MOU, the Phase 1 hotels are contemplated to total at least 850 rooms) are not completed or are delayed, as more specifically describe in the Joint Use & Management Agreement, dated as of February 1, 2000, by and between the City and the Padres and the TOT Agreement, dated December 20, 2001, for the benefit of the City by John Moores and Padres L.P. The Joint Use and Management Agreement also requires the Padres to pay the City an annual rental payment of \$500,000, adjusted every five years by the cumulative change in the San Diego-All Urban CPI. Furthermore, the City estimates that its administration costs (e.g., City staff costs, arbitrage consultant, disclosure counsel, etc.) associated with this project will average \$150,000 per year over the life of the bonds.

4. Question: What was the City's final cost for the Super Bowl broken down by specific cost categories (police, fire, etc.)?

Reply

The City of San Diego hosted Super Bowl XXXVII on January 26, 2003. Staff is still working on the final financial details for this Super Bowl with the National Football League and the San Diego International Sports Council. This information, along with revenue data and City costs by specific departments will be forthcoming in the near future.



Bruce Herring  
Deputy City Manager

JD/jn

Attachments

cc: Mayor and City Council  
Michael T. Uberuaga, City Manager

The following table presents the debt service requirements with respect to the 1996A Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 1996A BONDS--Base Rental Payments."

Public Facilities Financing Authority of The City of San Diego  
Taxable Lease Revenue Bonds, Series 1996A  
(San Diego Jack Murphy Stadium)

Debt Service Payment Schedule

<u>Bond</u> <u>Payment Dates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Bond Payment</u>	<u>Fiscal Year Total</u>
August 1, 1997		\$ 3,320,105.00	\$ 3,320,105.00	
February 1, 1998		2,490,078.75	2,490,078.75	\$ 5,810,183.75
August 1, 1998		2,490,078.75	2,490,078.75	
February 1, 1999	\$ 790,000.00	2,490,078.75	3,280,078.75	5,770,157.50
August 1, 1999		2,465,588.75	2,465,588.75	
February 1, 2000	840,000.00	2,465,588.75	3,305,588.75	5,771,177.50
August 1, 2000		2,439,548.75	2,439,548.75	
February 1, 2001	890,000.00	2,439,548.75	3,329,548.75	5,769,097.50
August 1, 2001		2,411,068.75	2,411,068.75	
February 1, 2002	950,000.00	2,411,068.75	3,361,068.75	5,772,137.50
August 1, 2002		2,380,193.75	2,380,193.75	
February 1, 2003	1,010,000.00	2,380,193.75	3,390,193.75	5,770,387.50
August 1, 2003		2,346,863.75	2,346,863.75	
February 1, 2004	1,075,000.00	2,346,863.75	3,421,863.75	5,768,727.50
August 1, 2004		2,310,851.25	2,310,851.25	
February 1, 2005	1,150,000.00	2,310,851.25	3,460,851.25	5,771,702.50
August 1, 2005		2,271,751.25	2,271,751.25	
February 1, 2006	1,230,000.00	2,271,751.25	3,501,751.25	5,773,502.50
August 1, 2006		2,229,623.75	2,229,623.75	
February 1, 2007	1,310,000.00	2,229,623.75	3,539,623.75	5,769,247.50
August 1, 2007		2,184,101.25	2,184,101.25	
February 1, 2008	1,405,000.00	2,184,101.25	3,589,101.25	5,773,202.50
August 1, 2008		2,134,926.25	2,134,926.25	
February 1, 2009	1,500,000.00	2,134,926.25	3,634,926.25	5,769,852.50
August 1, 2009		2,082,426.25	2,082,426.25	
February 1, 2010	1,605,000.00	2,082,426.25	3,687,426.25	5,769,852.50
August 1, 2010		2,026,251.25	2,026,251.25	
February 1, 2011	1,720,000.00	2,026,251.25	3,746,251.25	5,772,502.50
August 1, 2011		1,966,051.25	1,966,051.25	
February 1, 2012	1,840,000.00	1,966,051.25	3,806,051.25	5,772,102.50
August 1, 2012		1,901,651.25	1,901,651.25	
February 1, 2013	1,965,000.00	1,901,651.25	3,866,651.25	5,768,302.50
August 1, 2013		1,828,946.25	1,828,946.25	
February 1, 2014	2,115,000.00	1,828,946.25	3,943,946.25	5,772,892.50
August 1, 2014		1,750,691.25	1,750,691.25	

<u>Bond Payment Dates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Bond Payment</u>	<u>Fiscal Year Total</u>
February 1, 2015	2,270,000.00	1,750,691.25	4,020,691.25	5,771,382.50
August 1, 2015		1,666,701.25	1,666,701.25	
February 1, 2016	2,435,000.00	1,666,701.25	4,101,701.25	5,768,402.50
August 1, 2016		1,576,606.25	1,576,606.25	
February 1, 2017	2,620,000.00	1,576,606.25	4,196,606.25	5,773,212.50
August 1, 2017		1,479,011.25	1,479,011.25	
February 1, 2018	2,815,000.00	1,479,011.25	4,294,011.25	5,773,022.50
August 1, 2018		1,374,152.50	1,374,152.50	
February 1, 2019	3,020,000.00	1,374,152.50	4,394,152.50	5,768,305.00
August 1, 2019		1,261,657.50	1,261,657.50	
February 1, 2020	3,250,000.00	1,261,657.50	4,511,657.50	5,773,315.00
August 1, 2020		1,140,595.00	1,140,595.00	
February 1, 2021	3,490,000.00	1,140,595.00	4,630,595.00	5,771,190.00
August 1, 2021		1,010,592.50	1,010,592.50	
February 1, 2022	3,750,000.00	1,010,592.50	4,760,592.50	5,771,185.00
August 1, 2022		870,905.00	870,905.00	
February 1, 2023	4,030,000.00	870,905.00	4,900,905.00	5,771,810.00
August 1, 2023		720,787.50	720,787.50	
February 1, 2024	4,330,000.00	720,787.50	5,050,787.50	5,771,575.00
August 1, 2024		559,495.00	559,495.00	
February 1, 2025	4,650,000.00	559,495.00	5,209,495.00	5,768,990.00
August 1, 2025		386,282.50	386,282.50	
February 1, 2026	5,000,000.00	386,282.50	5,386,282.50	5,772,565.00
August 1, 2026		200,032.50	200,032.50	
February 1, 2027	5,370,000.00	200,032.50	5,570,032.50	5,770,065.00
	<u>568,425,000.00</u>	<u>5104,745,048.75</u>	<u>5173,170,048.75</u>	<u>5173,170,048.75</u>

Public Facilities Financing Authority  
of the City of San Diego  
Lease Revenue Bonds, Series 2002  
(Ballpark Project)

Attachment D

Debt Service Payment Schedule<sup>(1)</sup>

Bond Payment Dates	Principal	Interest <sup>(2)</sup>	Total Debt Service	Fiscal Year Total Debt Service
08/15/02		6,457,637.50	6,457,637.50	
02/15/03		6,457,637.50	6,457,637.50	12,915,275.00
08/15/03		6,457,637.50	6,457,637.50	
02/15/04		6,457,637.50	6,457,637.50	12,915,275.00
08/15/04		6,457,637.50	6,457,637.50	
02/15/05		6,457,637.50	6,457,637.50	12,915,275.00
08/15/05		6,457,637.50	6,457,637.50	
02/15/06	2,125,000.00	6,457,637.50	8,582,637.50	15,040,275.00
08/15/06		6,381,668.75	6,381,668.75	
02/15/07	2,275,000.00	6,381,668.75	8,656,668.75	15,038,337.50
08/15/07		6,300,337.50	6,300,337.50	
02/15/08	2,435,000.00	6,300,337.50	8,735,337.50	15,035,675.00
08/15/08		6,213,286.25	6,213,286.25	
02/15/09	2,610,000.00	6,213,286.25	8,823,286.25	15,036,572.50
08/15/09		6,119,978.75	6,119,978.75	
02/15/10	2,800,000.00	6,119,978.75	8,919,978.75	15,039,957.50
08/15/10		6,019,878.75	6,019,878.75	
02/15/11	3,000,000.00	6,019,878.75	9,019,878.75	15,039,757.50
08/15/11		5,912,628.75	5,912,628.75	
02/15/12	3,215,000.00	5,912,628.75	9,127,628.75	15,040,257.50
08/15/12		5,797,692.50	5,797,692.50	
02/15/13	3,445,000.00	5,797,692.50	9,242,692.50	15,040,385.00
08/15/13		5,666,782.50	5,666,782.50	
02/15/14	3,705,000.00	5,666,782.50	9,371,782.50	15,038,565.00
08/15/14		5,525,992.50	5,525,992.50	
02/15/15	3,985,000.00	5,525,992.50	9,510,992.50	15,036,985.00
08/15/15		5,374,562.50	5,374,562.50	
02/15/16	4,290,000.00	5,374,562.50	9,664,562.50	15,039,125.00
08/15/16		5,211,542.50	5,211,542.50	
02/15/17	4,615,000.00	5,211,542.50	9,826,542.50	15,038,085.00
08/15/17		5,036,172.50	5,036,172.50	
02/15/18	4,965,000.00	5,036,172.50	10,001,172.50	15,037,345.00
08/15/18		4,847,502.50	4,847,502.50	
02/15/19	5,345,000.00	4,847,502.50	10,192,502.50	15,040,005.00
08/15/19		4,644,392.50	4,644,392.50	
02/15/20	5,750,000.00	4,644,392.50	10,394,392.50	15,038,785.00
08/15/20		4,425,892.50	4,425,892.50	
02/15/21	6,185,000.00	4,425,892.50	10,610,892.50	15,036,785.00
08/15/21		4,190,862.50	4,190,862.50	
02/15/22	6,655,000.00	4,190,862.50	10,845,862.50	15,036,725.00
08/15/22		3,937,972.50	3,937,972.50	
02/15/23	7,160,000.00	3,937,972.50	11,097,972.50	15,035,945.00
08/15/23		3,662,312.50	3,662,312.50	
02/15/24	7,715,000.00	3,662,312.50	11,377,312.50	15,039,625.00
08/15/24		3,365,285.00	3,365,285.00	
02/15/25	8,305,000.00	3,365,285.00	11,670,285.00	15,035,570.00
08/15/25		3,045,542.50	3,045,542.50	
02/15/26	8,945,000.00	3,045,542.50	11,990,542.50	15,036,085.00
08/15/26		2,701,160.00	2,701,160.00	
02/15/27	9,635,000.00	2,701,160.00	12,336,160.00	15,037,320.00
08/15/27		2,330,212.50	2,330,212.50	
02/15/28	10,380,000.00	2,330,212.50	12,710,212.50	15,040,425.00
08/15/28		1,930,582.50	1,930,582.50	
02/15/29	11,175,000.00	1,930,582.50	13,105,582.50	15,036,165.00
08/15/29		1,500,345.00	1,500,345.00	
02/15/30	12,040,000.00	1,500,345.00	13,540,345.00	15,040,690.00
08/15/30		1,036,805.00	1,036,805.00	
02/15/31	12,955,000.00	1,036,805.00	14,001,805.00	15,038,610.00
08/15/31		537,652.50	537,652.50	
02/15/32	13,965,000.00	537,652.50	14,502,652.50	15,040,305.00
TOTALS	5169,685,000.00	5275,095,187.50	5444,780,187.50	5444,780,187.50

- (1) The Base Rental Payments under the Ballpark Facility Lease will be paid not later than three Business Days before each February 15 and August 15 of a fiscal year in amounts sufficient to pay when due the principal and interest on the 2002 Bonds. Principal and interest payments will be made in accordance with this Debt Service Payment Schedule.
- (2) A portion of interest payable on the 2002 Bonds for approximately 30 months from the date of issuance of the 2002 Bonds will be paid from the proceeds of the issuance of the 2002 Bonds (with the balance being paid from Base Rental Payments payable under the Ballpark Facility Lease).